GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:4461
ANSWERED ON:18.12.2002
CAPACITY UTILISATION IN SHIPYARDS
M.H. AMBAREESH

Will the Minister of SHIPPING be pleased to state:

(a) the total capacity utilisation of various shipyards in the country;

(b) whether it is a fact that these shipyards have been facing the problem of under utilisation;

(c) if so, the reasons therefor; and

(d) the concrete efforts made by the Government to fully utilise the capacities of these shipyards and modernisation of these shipyards ?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING (SHRI SU. THIRUNAVUKKARASAR)

(a) The Indian Shipyards operate at 30-45 percent of their total capacity.

(b)&(c) Yes, Sir. The main reasons are lack of continuous orders, low labour productivity, working capital problems, indirect effect of under quoting of prices by major shipbuilding countries like Japan, Korea etc. to secure shipbuilding orders, unremunerative prices, heavy incidence of local taxes such as sales tax, excise duty, octroi etc.

(d) The Shipyards being commercial organizations are expected to operate on commercial lines and accordingly, utilize their capacities optimally. However, the Government can only provide policy support, guidelines which it has been doing. The Government has been operating a Shipbuilding Subsidy Scheme to Central Public Sector Shipyards to provide a level playing field to enable them to face international competition in obtaining shipbuilding orders. The scheme has been extended with certain modifications to all Shipyards including Private Sector Shipyards for another five years.Instructions/guidelines have also been issued by this Ministry to the major Port Trusts and Shipping organizations to examine the possibility of placing orders on Central Public Sector Shipyards on nomination basis. Moreover, the Government has been providing Plan assistance to the Public Sector Shipyards for augmentation, renewal and replacement of shipbuilding and shiprepair facilities to improve their productivity and capacity utilization.